

CONFIDENTIAL

Security Information

ER-2-2563

12 September 1954

MEMORANDUM FOR: Deputy Director of Central Intelligence

SUBJECT: PRC and Operational Programs

25X1 1. I am not concurring in the attached memorandum because it omits an important control which I discussed with [redacted]. I have talked to him about this omission which he feels should originate in the Administration Building and not in Mr. [redacted]'s office. Except for this jurisdictional distinction, I think he is sympathetic to my suggestion.

25X1 2. The control I refer to is a strong secretariat, responsible to PRC if it continues or to D/DCI if PRC is not continued, which would implement paragraph 1.b. of [redacted] memorandum both before the initial approval of the over-all plan and for post-audit and inspection purposes subsequent to such approval. The contemplated secretariat would be a full-time job for at least two, and probably three, people. To function, it would have to have power to retain consultants when necessary, power to call up case officers at any time for reports on the status of any project and the type of direction power usually associated with my office so that it could maintain a running review of projects which, in its judgment, requires such review.

3. The PRC could then, on the basis of recommendations of such secretariat, take careful action from time to time to prevent projects from getting out of hand.

4. I realize that Mr. [redacted] planned such an inspection function in his own office, but as the proposed area programs amount in essence to a blank check, I am sure he would welcome and agree to the necessity of constant review out of his chain of command to protect the Director's responsibility.

5. A properly organized secretariat would require monthly statements from each case officer of the status of his project, showing budget expenses, expenses incurred during the month and cumulative expenses since the beginning of the budget period, together with the case officer's appraisal of the usefulness and success of the project. This would be the equivalent of the detailed financial statements and operating officers' report which directors of well-run public companies receive monthly.

STUART HENDER

MORI/CDF

SH,jr

Distr: Orig - Addressee

1 - Chief of Administration

1 - PRC File

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